in the proper sequence. On the other hand, some of these measures have changed the effect of preceding ones, and the legislation has had a tendency to become confusing, if not unintelligible to the general student. Such difficulties will now be largely overcome. In the recent law of June 19, 1899,[1] the effort has been made to give a clear and connected statement of the existing legislation of the empire on money, and it is further provided that henceforward all government accounts and debt evidences shall be stated in terms of the new gold rubles. To those who have carefully studied the recent legislation as it was evolved during the past few years, the new fundamental act will present nothing new, beyond some provisions for the conduct of the mint, etc. The import of the new law is that it closes the series of monetary acts, sums up in intelligible form so much of their content as is still in force, and will do much to remove the statistical confusion which had puzzled the student.

H. PARKER WILLIS.

THE GOLD STANDARD IN INDIA.

THE action of the Indian government in closing their mints to the free coinage of silver, June 26, 1893, in accord with the recommendations of the Herschell Committee was by some observers regarded as a temporary expedient. The report of the last Indian Currency Committee, appointed in April 1898, was presented to the secretary of state for India, Lord George Hamilton, on July 7, 1899. The dispatch of the secretary to the governor-general, dated April 7, 1898, discloses the fact that the committee was appointed "with a view to the completion of the policy initiated in 1893, when, as a first step towards the establishment of a gold standard in India, the Indian mints were closed." This confirms what was said in this JOURNAL (September 1897) of the futility of the proposals of the American commissioners that the Indian mints should be reopened. And, if the British government had a permanent monetary policy already outlined for India, it throws light on the clever diplomacy of the Salisbury government in allowing our commissioners to exploit their silver proposals at London for

[1] See the copy of this legislation (French and English) issued by the *Bulletin Russe de Statistique Financière et de Legislation*, in separate brochure. (Council of State. Coinage Law, June 7 (19th), 1899. St. Petersburg: Imperial Academy of Sciences, 1899.)

political effect in America, knowing all the while that their policy looked straight towards a future standard of gold for India.

It is to be recalled that members of the Herschell Committee discussed the advisability of a gold reserve (of about 75 million dollars) as a means of direct redemption of the silver rupees, in order to secure the value of the rupee relatively to gold. The restriction of the silver coinage in 1893 led, as was formerly explained in these pages, to a rise in the face value of the rupee above the market value of its contents. In other words, the rupee became a token coin, having a seigniorage relatively to a possible gold standard (a rupee since 1893 could be got at the mint only in exchange for 1 s. 4 d. in gold). That is, the Indian rupee—like the Austrian paper money—began to take on the color of the substance in which the public believed the currency would be eventually redeemed. Therefore, since 1893, the essence of the monetary problem in India has been the application of the principles regulating a token coinage, of which a plan of redemption is the most important in regulating its value and quantity.

With these principles in mind, it becomes clear, when the last committee had decided not to revert to the silver standard, why "steps should be taken to avoid all possibility of doubt as to this determination, and to proceed with measures for the effective establishment of a gold standard." The recommendation of the committee that the British sovereign be given a legal tender and unlimited coinage in India, was adopted by the Indian government. This, however, does not imply any very considerable increase in the use of gold in India; it is only the provision for securing a standard to which the rupee is to be connected at a fixed relation. Nor does it dispense with silver; the public of India will continue to use the rupee exactly as in the past. And silver will still be imported in response to the desire for ornament and hoarding.

The main interest in the new scheme resides in the machinery by which the value of the rupee is to be kept at par (1 s. 4 d.) with gold, especially in view of the explicit opinion of the committee against undertaking "any obligation to pay gold in exchange for rupees." That is, direct redemption was not approved. But the dispatch of Lord George Hamilton to the governor-general of India contains the following significant words (which much remind one, both in theory and fact, of Secretary Carlisle's letter concerning the redemption of our token silver dollar): "I am also in accord with the committee as

to the general principles by which your government should be guided in the management of your gold reserve in the absence of a legal obligation to give gold in exchange for rupees — namely, that you should make it freely available for foreign remittances whenever exchange falls below specie point, under such conditions as the circumstances of the time may render desirable. In other words, public announcement is made of the intention, whenever silver rupees fall below a certain value in relation to gold (as expressed by the price of Indian exchange, which is the value of rupees in English gold), to use the gold reserve freely in supporting the rate of exchange. This, then, is an indirect redemption of silver by gold, which is the central point of the new departure in India. There can be little doubt that, under ordinary circumstances, this machinery, together with the continuance of the coinage of the rupee only in exchange for 1 s. 4 d. in gold, will secure a fixed value of the rupee in gold. And the rupee then becomes a token coin, regulated at par in gold, on the same general principles which control the value of the token American silver dollar and the French five-franc piece.

L.

THE recent letter of Mr. Abram S. Hewitt, reciting his opinion that the Erie Canal is no longer an indisputable necessity for keeping down railway-traffic charges in the State of New York, has interest to those who may have noticed the recent utterances of the German emperor at the opening of the Dortmund-Ems Canal upon the importance to German commerce of new canals. To the latter the new system of canals is regarded as essential to the development of German industry. If both these utterances be accepted as a true statement of the relations of canals to railways in the United States and in Germany, it seems that American railways must have distanced competition by canals by reason of the greater efficiency of transportation methods by rail, by inventions, and by adaptibility to conditions — while German railways have not risen to a point of superiority over the canals, either from the rigidity of the bureaucratic system of railway management, which places military and state considerations above commercial needs, or from other reasons which limit railway competition. At least, private ownership under limited supervision by the government in the United States, has allowed private competition such play that with us canals are no longer a necessary part of the competition by which low rates are in general secured to shippers.